




Utah State Building Board

Jon M. Huntsman, Jr.
Governor

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MEMORANDUM

To: Utah State Building Board
From: David G. Buxton 
Date: February 2, 2009
Subject: **USTAR Infrastructure Project Approval**

Recommendation

DFCM recommends that the Building Board consider a request from the University of Utah to for approval of the Utah Science & Technology Research (USTAR) Infrastructure Project. Approval of this project would add it to the list of approved "Other Funded" project for consideration by the Legislature.

Background

The U of U discussed this project with the Building Board on January 7, 2009. The Building Board requested more information prior to approval. The University would like the opportunity to present additional information and answer questions. A letter from the University of Utah highlighting the project is attached.

DGB:KB:sle

Attachment



Office of the Vice President
for Administrative Services

January 14, 2009

Mr. Gregg Buxton, Director
Division of Facilities Construction and Management
State Office Building Room 4110 PO Box 141160
Salt Lake City, UT 84114-1160

Dear Gregg:

**RE: UTAH SCIENCE & TECHNOLOGY RESEARCH (USTAR) INFRASTRUCTURE
OTHER FUNDS PROJECTS CONSIDERATION BY 2009 LEGISLATURE**

The University of Utah requests that the Building Board add the following project to their list of recommended Other Funds Projects for consideration by the Legislature, or to the value of the Utah Science & Technology Research (USTAR) project approved by the Legislature in 2006. We discussed this project at the January 7 Building Board meeting. As requested, additional details will be provided at the next Board meeting.

The Legislature approved the USTAR project in 2006 to construct the first of future interdisciplinary buildings onto the green field site located at the University of Utah. During programming the University and its consultants determined, endorsed by DFCM, that the infrastructure installation for this first project should be capable of supporting future build out but this additional cost should not financially burden this first project (USTAR 1).

Infrastructure will include new and upgraded high and medium voltage electrical services; high temperature hot water; sanitary and storm water; culinary water; telecommunications; and other secondary distributed utilities to be installed in either new tunnels or, as appropriate, direct buried. These systems will be sized anticipating future utility capacities to support build out at the green field site consistent with the University of Utah Campus Master Plan.

The University intends to issue revenue bonds in the amount not to exceed \$44 million, plus amounts required for debt service reserve, issuance costs and capitalized interest, if necessary, to fund the infrastructure development at the green field site. We are also considering other options for financing this cost.

Debt service on the bonded indebtedness would be paid from research overhead funds derived from research throughout the University. Also, as additional buildings are constructed within and beyond the interdisciplinary quadrangle, supported by the infrastructure associated with this project, an appropriate portion of infrastructure costs will be borne by these new buildings. As "infrastructure fees" are paid, the funds would be used to pay down the bond.

This project will also finance a central chiller plant for new development, including USTAR, as well as replace standalone chillers in buildings near this portion of campus. This portion of the project will function as an ESCO and as such, the debt service for this component will be paid from energy savings resulting from the new plant.

Sincerely,

Michael G. Perez
Associate Vice President

c: Ken Nye, Director Facilities Management Business Services

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